

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF	)	
UNITED WATER DELAWARE INC., TO IMPLEMENT	)	
THE WATER CONSERVATION RATE STRUCTURE	)	PSC DOCKET NO. 04-121
REQUIREMENTS OF 26 DEL. C. § 1406	)	
(FILED APRIL 1, 2004)	)	

**ORDER NO. 6394**

**AND NOW**, to wit, this 20th day of April, 2004;

**WHEREAS**, on April 1, 2004, United Water Delaware Inc. ("United Water"), filed with this Commission revised water service tariffs designed to comply with the water conservation rate structure requirement of the Water Supply Self Sufficiency Act of 2003 (26 Del. C. §§ 1401-1408); and

**WHEREAS**, in accordance with 26 Del. C. § 1406, United Water asks the Commission, within 180 days from the date of its tariff filing, to approve its revised tariffs, as well as approve United Water's plan for informing and educating affected customers of its new conservation rate structure; and

**WHEREAS**, also in accordance with 26 Del. C. § 1406, United Water proposes to implement the new rate structure on or before January 1, 2005; and

**WHEREAS**, the Commission finds that this matter should be referred to a Hearing Examiner for the development of a record and for his recommendations so that the Commission can take final action to approve, or modify, United Water's water conservation rate structure and a consumer education plan; now, therefore,

**IT IS ORDERED:**

1. That, pursuant to the requirements of 26 Del. C. §§ 102A and 304, United Water Delaware Inc., shall give public notice of its application to revise its tariff rates to implement a water conservation rate structure by causing the publication of the notice attached hereto as Exhibit "A" in The News Journal, in two column format, outlined in black, on Wednesday, April 28, 2004. United Water Delaware Inc., shall file proof of such publication with the Commission as soon thereafter as is reasonably practicable but no later than the date set for any evidentiary hearing in this docket.

2. That Robert P. Haynes is designated as Hearing Examiner for this matter pursuant to the terms of 26 Del. C. § 502 and 29 Del. C. ch. 101. Hearing Examiner Haynes shall schedule and conduct such public comment sessions and evidentiary hearings as may be necessary to have a full and complete evidentiary record concerning the lawfulness of the proposed rate structure. He shall thereafter file a report with his proposed findings and recommendations with the Commission. Dates and times for serving and responding to discovery shall be included in the procedural schedule. Given the short time frame, Hearing Examiner Haynes shall have the authority to modify the deadlines for submitting discovery and responses as set forth in the Commissions Rules of Practice and Procedure, if he finds changes appropriate. In addition, Hearing Examiner Haynes is specifically delegated the authority to grant or deny petitions seeking leave to intervene. Hearing Examiner Haynes is also delegated the authority, under 26 Del. C. § 102A, to determine the form and manner of any further public notice in this matter. James McC. Geddes, Esquire, is designated Rate Counsel for this matter. United Water Delaware Inc.,

is hereby placed on notice that the cost of the proceeding will be charged to it under the provisions of 26 Del. C. § 114(b).

3. That the Commission reserves the jurisdiction and authority to enter such other or further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae  
Chair

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Vice Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Donald J. Puglisi  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary

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P U B L I C      N O T I C E

On April 1, 2004, United Water Delaware Inc. ("United Water" or "the Company"), filed with the Delaware Public Service Commission ("Commission") an application for a change to its residential water service rates. The new rates are designed to comply with the water conservation rate structure requirements of the Water Supply Self Sufficiency Act of 2003 (26 Del. C. §§ 1401-1408) ("Act"). Under the Act, each jurisdictional water utility (such as United Water) which serves northern New Castle County must implement, prior to January 1, 2005, a water conservation rate structure which reflects either: (a) an inclining block rate structure (under which the unit price for water increases as consumption increases); or (b) a seasonal rate structure (under which an increased unit price for water is imposed during specified months of the year). The Commission must approve a conservation rate structure, with or without modifications, within 180 days of the filing. United Water

proposes that if approved (in whole or in part), its inclining block rate structure would become effective before January 1, 2005.

The following is a comparison of the Company's present and proposed consumption rates for residential customers:

<u>Consumption (Gallons)</u>	<u>Present Rate (per 1,000 gallons)</u>	<u>Proposed Rate (per 1,000 gallons)</u>
0 - 5,000	\$2.638	\$2.480
5,001 - 20,000	\$2.638	\$2.642
Over 20,000	\$2.638	\$3.077

Under its proposal, the residential service charge would remain at \$24.75 per quarter for those customers using a 5/8-inch meter. United Water represents that its proposed water conservation rate is "revenue neutral" to the utility but that individual subscriber's billings might change under the structure based on the subscriber's water usage.

The Commission will make its decision on this matter on the basis of the evidence of record taken at public evidentiary hearings. The Commission will also receive comments at a public comment session. These proceedings will be scheduled later and conducted after further public notice. The Commission may approve, with or without modification, the proposed rate change and may investigate a different method for compliance with the Act should one be found to be appropriate.

Any person wishing to participate as a party in this docket (PSC Docket No. 04-121) should file for leave to intervene with the Commission in accordance with Rule 21 of the Commission's Rules of Practice and Procedure. Such petitions must be filed on or before **Wednesday, May 19, 2004**, at the Commission's office located at:

Delaware Public Service Commission  
861 Silver Lake Boulevard  
Cannon Building  
Suite 100  
Dover, Delaware 19904

Petitions filed thereafter will not be considered except for good cause shown.

Interested customers or parties are urged to review the application and supporting materials to see how their individual interest may be affected. Copies of the application are available for public inspection during normal business hours in the Commission's Dover office at the address listed above. Copies may also be reviewed, by appointment, at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at such location.

Any individual with disabilities who wishes to participate in, or to review these proceedings, should contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contacts may be in person, by writing, by telephone, or otherwise. For inquiries, the Commission's toll free telephone number (in Delaware) is 1-800-282-8574. Any person with questions may also contact the Commission Staff at (302) 739-4247 or by Text Telephone at (302) 739-4333. Inquiries can also be sent by Internet e-mail to [robert.ambrose@state.de.us](mailto:robert.ambrose@state.de.us).